

the case. This piece of legislation essentially removes those core requirements and leaves up to the States what they want to do. This piece of legislation essentially wipes away the requirement that the money should go to the neediest schools first and allows States to do what they want to do. That is not acceptable. That is an abandonment of our commitment to low-income children in America. I look forward to this debate.

I yield the floor.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DURBIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DURBIN. Mr. President, I ask unanimous consent to proceed as in morning business.

The PRESIDING OFFICER (Mr. BROWNBACK). Without objection, it is so ordered.

Mr. DURBIN. Thank you, Mr. President.

#### SOCIAL SECURITY AND MEDICARE

Mr. DURBIN. Mr. President, the topic which I would like to speak about during this brief time on the floor is one which is important to millions of Americans and involves two of our most important and successful programs: Social Security and Medicare.

They are so important to so many families that President Clinton has proposed that 77 percent of the surplus which we anticipate over the next few years be invested in both of these programs so that they will be available for future generations of Americans.

There are some who believe that the surplus, as it is generated, should be spent instead and invested in tax cuts for Americans. Of course, any politician, any person in public life, proposing a tax cut is going to get a round of applause. People would like to pay less in taxes, whether they are payroll taxes, income taxes, or whatever. But we have to realize that a tax cut is instant gratification and what the President has proposed instead is that we invest the surplus in programs with long-term benefits to not only current Americans but those of us who hope in the years ahead to take advantage of them as well.

We have to keep the security in Social Security and the promise of good medical care in our Medicare Program. And I think we have to understand that just solving the problems of Social Security is not enough; income security goes hand in hand with health care security.

One of the proposals coming from some Republican leaders suggests that

there would be a tax cut. And as you can see from this chart, the Republican investment in Medicare under this plan is zero, and the Republican investment in tax cuts, \$1.7 trillion.

Now, of course, that is quite a stark contrast. Instead of prudent investments, I am afraid that many of those who suggest tax cuts of this magnitude are not really giving us the bread and butter that we really need for these important programs like Social Security and Medicare. Instead, they are handing out these candy bar tax cuts. I do not think that that is what America needs nor what we deserve. Let me take a look at the tax cut as it would affect individual American families.

There is a question that many of us have when we get into the topic of tax cuts, and that is the question of fairness, progressivity: Is this tax cut really good for the average working family? One of the proposals which has been suggested by a Republican leader and Republican candidate for President, who serves in the House of Representatives, is an across-the-board tax cut. Well, take a look at what this means for the families of average Americans.

For the lower 60 percent of wage earners in America, people making \$38,000 or less, this Republican tax cut is worth \$99 a year, about \$8.25 a month—not even enough to pay the cable TV bill. But if you happen to be in the top 1 percent of the earners, with an average income of \$833,000, your break is \$20,697.

I listened over the weekend while one of our noted commentators, George Will, who was born and educated in my home State of Illinois, suggested: Well, of course, because people who make this much money pay so much more in taxes, they should get a larger tax cut.

We have been debating this for a while, but we really decided it decades ago. In a progressive tax system, if you are wealthy, if you have higher income, then in fact you will pay more in taxes. So I do not think it is a revelation to suggest that people making almost a million dollars a year in income are going to end up paying more in taxes. Well, the Republican tax cut plan, as it has been proposed, an across-the-board tax cut, does very little for the average person, but of course is extremely generous to those in the highest income categories.

Today in America, 38 million citizens rely on Medicare, including 1.6 million in my home State of Illinois. By the time my generation retires, this number will have increased substantially. With these increasing numbers of Americans relying on Medicare, and advances in health care technology currently increasing costs, any way you look at it, you need more money for the Medicare Program, unless you intend to do one of several things:

You can slash the benefits; you can change the program in terms of the

way it helps senior citizens; you can ask seniors and disabled Americans who use Medicare, who are often on fixed incomes, to shoulder substantially higher costs; you can significantly reduce the payments to providers, the doctors and the hospitals; or you can increase payroll taxes by up to 18 percent for both workers and their employers.

A report that was released today by the Senate Budget Democrats lays out some of these harsh alternatives that would be necessary if the Republicans refuse to make investments in the Medicare Program.

President Clinton says, take 15 percent of the surplus, put it in Medicare; it will not solve all the problems of Medicare, but it will buy us 10 years to implement reforms in a gradual way. The Republicans, instead, suggest no money out of the surplus for Medicare, and instead put it into tax cuts. I think that is a rather stark choice.

Mrs. BOXER. Will my friend yield?

Mr. DURBIN. I am happy to yield to the Senator from California.

Mrs. BOXER. I am so pleased that the Senator from Illinois has once more come to the floor to discuss something so fundamental to our country. I think if you asked people in the country, "What is good about your national Government?" yes, they would say a strong military; they would also say Social Security and Medicare.

Has the Senator talked about the 1995 Government shutdown yet?

Mr. DURBIN. Go ahead.

Mrs. BOXER. I want to ask him a few questions and then let him finish his remarks.

As the Senator was talking and showing this chart, it brought back to me the 1995 Government shutdown. We remember what that was about. Essentially, the President took a very firm stand in favor of Medicare, the environment, and education, and against the kind of tax cuts for the wealthy that would have meant devastating those programs. And the Government actually shut down over this. I am sure my friend remembers, it was a stunning thing. But it was really tax cuts for the wealthy, taking it straight from Medicare.

Now what we have is a situation that is very similar. We know we have to fix Social Security. The Republicans have said they agree with that, but they are silent on the issue of Medicare. They do nothing about shoring it up whatsoever. And yet they propose the same kind of tax cuts.

So I say to my friend, in 1995 Republicans essentially shut down the Government because they wanted these tax cuts at the expense of Medicare. And this year it looks like they are shutting down Medicare so they can go back to these tax cuts.

I wonder if he sensed, as I did, as we watched this budgetary debate unfold—

if it did not bring back all these memories, and how he feels about that, because it was a pretty tough time we went through and I do not want to see those times repeated.

I ask my colleague to comment.

Mr. DURBIN. Of course I remember that period of time. It was an amazing period. I recall particularly the commentator, Rush Limbaugh, who enjoys some notoriety across America. He said: You know, if they closed down the Federal Government, no one would even notice. They were kind of goading us to go ahead and call the bluff of those who wanted to shut it down.

Well, in fact the Government was shut down when Congress failed to pass the necessary bills to continue the funding of Government agencies. And across America people started noticing. I am sure the Senator from California—I was then a Congressman from Illinois—received phone calls from people saying, "Wait a minute. You mean to tell me that these workers cannot go to work and they're going to be paid ultimately? You mean to say the services that we depend on, that Government needs to do, aren't going to be performed?" And that is exactly what happened.

I think the American people were outraged over this, outraged that the Government would shut down. If there were those on the other side who believed that the American people would rally to their cause over this Government shutdown and say, "Oh, you've got it right, give tax cuts to wealthy people, and go ahead and cut Medicare and cut the environmental protection and cut education programs," that did not happen.

Mrs. BOXER. I wonder if the Senator would share with us the chart that he has there, because that goes back to 1995.

Mr. DURBIN. Yes. I am happy to.

Really, it is a good illustration of what happened. Back in 1995 with the Government shutdown, this was a time when the Republican Party was calling for tax cuts of \$250 billion and was going to cut Medicare for that to occur. And that is exactly what led to the President's veto of their bill and ultimately led to the shutdown of the Government.

Mrs. BOXER. Let me say to my friend again, I appreciate his leadership on this. We did hold a press conference today, the Democratic members of the Budget Committee, to call everyone's attention to this.

When you deal with a budget the size of this Federal budget, it has a lot of important things that we do. But this is one thing that we need to call attention to, the fact that if we are going to protect Social Security and Medicare, we are going to have to defer these tax cuts for the wealthiest people, some of them earning millions of dollars, who would get back tens of thousands of

dollars, while the average person would get back \$99. As a result, we would see Medicare essentially shut down as we know it, and we don't want to go through another Government shutdown of that nature. We don't want a Medicare shutdown; we don't want an education shutdown. We want a budget that addresses these issues.

Again, I thank my colleague. He and I have known each other a long time. We have both gone through the situation of aging parents together. We have talked many times about how important Medicare is. I will never forget my friend and I being on the floor of the Senate when there was a move to raise the eligible age for Medicare. He and I stood here and fought. We said right now people are praying that they will turn 65 so they can get some health insurance, and then if we increase that age when we should actually be reducing the age that people can get Medicare—we should allow the President's plan to go forward on that as well, to allow people to buy in if they have no Medicare at 55, 60, and 62. This was going to raise the age. We told the stories of our families and how Medicare brought peace to our aging parents.

So we are, I think, going to stand shoulder to shoulder through to the fight.

I want to again thank him for yielding.

Mr. DURBIN. I thank the Senator from California.

Of course, she raises a point near and dear to all of us. Some people think Medicare is a program that seniors worry about. I think it is a program that their children worry about. They want to make sure that their mothers and fathers—grandparents in some instances—have the protection of Medicare. It is hard to believe this program only dates back about 35 years. It is a program that has now become so essential, and it is a program that has worked.

As a result of the Medicare Program, people are living longer, the quality of health care for elderly people has improved. At the same time, the Medicare Program has really democratized health care across America. Hospitals, which once might have served the very elite clientele, now serve virtually everyone because they are part of the Medicare Program. I think that is a plus. I think that says a lot about our country.

I worry when I look at the alternative budget plans here because the Democratic plan is very specific. It says if there is to be a surplus—and we think there will be—that this surplus should be used for specific purposes: to save Social Security and to preserve Medicare. Unfortunately, on the other side, there is no mention of Medicare. The Republican proposal doesn't talk about putting any of the surplus into Medicare.

That, I think, is shortsighted, because if you don't put the surplus, a portion of it, into Medicare, it causes some terrible things to occur. For instance, to extend Medicare to 2020 without new investment, without the influx of capital which we are talking about in the surplus, and without benefit cuts and payroll tax increases, we would need to cut payments to providers by over 18 percent. That is a cut of \$349 billion. For the average person, these figures, I am sure, swim through their head. They think, What can that mean?

What it means is your local hospital, your local doctor, the people who are providing home health care for elderly people to stay in their homes, would receive less in compensation. As they reduce their compensation, many of them will not be able to make ends meet. I have seen it happen in Illinois already.

I have been somewhat critical of the Clinton administration. Some of the changes they have made in home health care services, I think, are very shortsighted. Many seniors, for example, would love to stay in their homes. That is where they feel safe and comfortable. They have the furniture and the things they have collected through their lives and their neighbors who they know. They don't want to head off to some other place, a nursing home or convalescent home. They would much rather stay in their home. What do they need to stay there? Many times just a visit by a nurse, a stop by a doctor once in a while. Although that seems extraordinary in this day and age, the alternative is a much more expensive situation where someone finds himself in a nursing home with extended and expensive care.

I hope that we realize that we made a mistake in 1995 when we had this Republican tax cut of \$250 billion at the expense of Medicare and the Government was shut down. I hope we don't repeat it. We called the hospitals in our State of Illinois back in 1995 and asked what would this mean to you, if, in fact, you lost some \$270 billion in Medicare reimbursement; what would it mean? Most of the hospitals were reluctant to speak openly and publicly and on the record. They told us privately many of them would have to close because many hospitals in my home State of Illinois and rural States like Kansas depend to a great extent on Medicare and Medicaid to reimburse their services and to keep their doors open. So, cutbacks can cost us the kinds of hospitals we need in areas that, frankly, are underserved medically.

Large cuts that might be envisioned without dedicating part of the surplus could threaten many of these hospitals. When a hospital closes, it isn't just the seniors who are affected. The whole community suffers. It is a situation in

many of my rural towns and downstate Illinois where that emergency room is literally a matter of life or death. Farmers, miners and people who work around their homes count on the availability of their services. When a hospital's financial security is put under significant strain, they are forced to look for other sources of revenue. Cost shifting becomes inevitable. So virtually every American would pay for Congress' failure to invest in Medicare.

The second option, if we don't invest a portion of the surplus into Medicare, is one that would ask seniors and disabled to pay more for their own medical care. They would need to double their contributions to extend the solvency of Medicare to the year 2020 if the President's proposal of investing 15 percent of the surplus into Medicare is not made.

Take a look at this chart to get an idea of what it means to a senior citizen. This is a chart which shows the current amount that is being paid in part B premium of \$1,262; then take a look, if we do not dedicate a part of the surplus, what the senior will have to pay instead. Instead of \$100 a month, it is over \$200 a month.

Some might say it is not too much to go from \$100 to \$200. I think they don't understand that many senior citizens live on fixed incomes, very low incomes, and that this kind of premium increase in order to continue Medicare as they know it would cause a great hardship to many of their families.

Today, on average, seniors pay 19 percent of their income to purchase the health care that they need. Medicare is currently only paying about half of their bills. These seniors living on fixed incomes are really going to face some sacrifice if this increase takes place. The medium total annual income of Americans over the age of 65 is a mere \$16,000; for seniors over 85, it is even less, \$11,251; for the oldest and frailest among us, such as those using home health services, the average income is less than \$9,000. Now, can someone making about \$800 a month, for example, see an increase in their Medicare premium from \$100 to \$200 without some personal sacrifice? I don't think so. Medicare as it is currently drawn up helps seniors to live with dignity. Medicare reform may involve tough choices but it shouldn't involve mean choices. This Medicare reform on the backs of seniors and disabled, unfortunately, leads us to that.

Reform and investment are clearly needed to strengthen Medicare. There are some who will say all you want to do is spend more money; you have to do more fundamental things like reform. I don't disagree with the concept of reform. I think it is part of the package. But the reality is, the Medicare Program has grown, the number of beneficiaries has doubled since the program was enacted, and Americans are living longer.

I think there is a fair argument to be made that one of the reasons that Americans are living longer is because of Medicare and the access to health care that it provides. Before Medicare, less than 50 percent of retirees had health insurance. Now, virtually every one of them does. This is a question of priority. How much do we value increased life expectancy? Are people in my generation who are working and actually contributing to the surplus—a surplus that we hope to soon have—willing to put off a tax cut to make sure that Social Security and Medicare are there for decades? Are we willing to invest in what is basically our own retirement health insurance program in the years to come?

By not enacting a massive tax cut that benefits the most wealthy Americans, but instead passing more limited tax cuts targeted to help working families, we can, in fact, get a tax cut that is reasonable and consistent with saving Social Security and Medicare. It seems very unwise to enact large tax cuts before we secure both of these important programs.

Let me close by saying that this budget season is one that causes many people's eyes to glaze over. I have served a combination now of about 8½ years on Budget Committees in the House and the Senate. I do my best to keep up with it. It is an arcane science to follow this budget politics. But I have to say that it does reflect our values. We have to decide what is important.

Last week, we had a bill on the floor here that was, on its face, a very good proposal—a bill that would have increased military pay and retirement benefits. I believe that those things should happen. The President proposed it, the Republican Party and Democratic Party agree on it. But the bill that came to the floor was significantly different than the President's proposal. In fact, it spent about \$17 billion more over 6 years than the President had proposed.

This bill came to the floor of the Senate without one committee hearing. Some came to the floor and said we need to do this so that men and women will stay in the military, and that we give them adequate pay and the reward of retirement. So they suggested we vote for the bill. I didn't think it was a responsible thing to do. I can remember that, two years ago, on the floor of the Senate we tied ourselves in knots over amending the Constitution to provide for authority to the Federal courts to force Congress to stop deficit spending. We had reached our limits and we had said that the only thing that could control congressional spending is a constitutional amendment and court authority. Well, that constitutional amendment failed by one vote. But that was only two years ago. We were so despondent over dealing with

deficits two years ago that we were at the precipice where we were about to amend the Constitution and virtually say we have given up on congressional responsibility in this area.

Well, here we are two years later, and the first bill we consider is not a constitutional amendment about deficits, but rather one over spending this surplus on military pay raises that we cannot justify in terms of their sources. I have asked a variety of members and people in the administration where would the extra money come from—the extra \$17 billion—for military pay raises. They say, "Frankly, we don't know." I don't think that is a good way to start the 106th Congress, in terms of its substantive issues; but it is a reminder that we need a budget resolution that honestly looks at our budget to maintain not only a balanced budget, but surpluses for years to come, and investment of those surpluses in a way that we can say to future generations that, yes, we understood; we had a responsibility not only to the seniors, but to the families and their grandchildren, to make sure that those programs would survive.

So, Mr. President, I hope that as this debate continues we can find some common ground to work together to make sure that the surplus as it exists in the future is invested in programs of real meaning to American families for many years to come.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. ALLARD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### MORNING BUSINESS

Mr. ALLARD. Mr. President, I ask unanimous consent that the Senate now proceed to a period for morning business with members permitted to speak therein for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

#### INTERNET TAX FREEDOM ACT AND THE ADVISORY COMMISSION ON ELECTRONIC COMMERCE

Mr. LOTT. Mr. President, the last Congress passed the Internet Tax Freedom Act. It was not an easy process, and compromises were reached. In the end, the debate resulted in a bill which made a good law. It calls for a 3-year moratorium on new taxes. This was important, Mr. President. The Internet is not only a new tool of communication and information but is fast becoming the most vibrant new marketplace as